Alberta

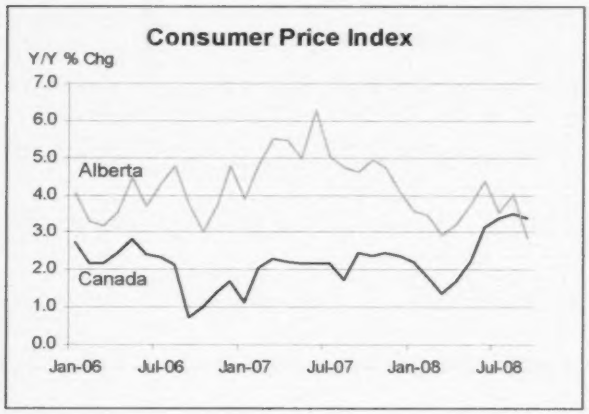
Weekly Economic Review

October 24, 2008

Consumer Price Index

CPI Inflation rate retreated in September…

Inflation in Alberta increased by 2.8% in September, down from 4.0% in August. Natural gas (29.6%) and gasoline (22.6%) continued to drive inflation upwards, while electricity (-10.9%) and vehicle prices (-10.8%) helped to moderate inflation. Nationally, inflation retreated slightly to 3.4% and core inflation remained unchanged at 1.7% over the 12 months to September.



Farm Product Price Index

FPPI fell in August…

After six months of gains, the prices received by Alberta farmers fell by 3% in August. Crop prices (-7.1%) continued to fall, while cattle prices (0.9%) and hog prices (11.8%) posted monthly gains. Year-to-date, crop prices are up 47.3% and livestock prices are down 4%.

Retail Sales

Retail sales remain slow…

Retail sales in Alberta inched down 0.1% in August and were down 3% from the previous year. In the first 8 months of this year Alberta retail sales are up 1.0% over the same period last year. Nationally, retail sales fell 0.3% from July.

Cdn Dollar (USc/CS)		
	October 24, 2008	78.5
	October 17, 2008	84.6
	2008-09 YTD	96.2
WTI Oil US$/bbl		
	October 23, 2008	$ 67.84
	October 16, 2008	$ 69.85
	2008-09 YTD	$ 116.29
Nymex Natural Gas CS/MMBtu *		
November Contract		
	October 24, 2008	$ 7.85
	October 17, 2008	$ 8.14

*Estimate based on Nymex Futures Market Price

Wholesale Trade

Wholesale sales remain strong in Western Canada…

Wholesale sales in Alberta rose by 5.1% in August, while nationally sales fell by 1.5% from the previous month as a result of the weakening automotive sector.

Financial Markets

Bank of Canada cut overnight rate…

On October 21, the Bank of Canada cut its overnight rate by 25 basis points to 2.25 percent amid concerns of a slowing global economy and easing inflation. The Bank also signaled that it is likely to reduce rates further in coming months and lowered its growth outlook for 2008 and 2009 to 0.6%. The Canadian dollar slid further this week and is now trading below 80 cents U.S. for the first time since June 2005.

Markets tumble on fears of global economic slowdown…

This week China reported slower economic growth for the third quarter at 9.0%, while the U.K. reported a contraction (-0.5%) for the same period. Combined with lower corporate earnings announcements, this news sent world financial markets tumbling Friday morning. Despite OPEC cutting output by 1.5M barrels per day for November, the gloomy economic outlook also saw oil prices fall further.